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CENTRAL INTELLIGENCE AGENCY

Memorandum



THE SITUATION IN VIETNAM

Information as of 1600
29 July 1965

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HIGHLIGHTS

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No damage assessment is as yet available from the 28 July B-52 strike carried out against reported Communist troop and supply concentrations in Phuoc Tuy Province southeast of Saigon.

I. The Military Situation in South Vietnam:

On 28 July a B-52 strike was made in Phuoc Tuy Province with the double objective of disrupting a suspect Viet Cong transshipment and assembly area and to provide heavy support for a four-day US ground operation (Paras. 1 and 2). Combat air operations were somewhat heavier on 27 July; pilots estimate 292 Viet Cong killed that day by air action (Para. 3). According to initial reports, an ARVN operation in Chuong Thien Province inflicted heavy losses on the Communists (Para. 5). A new contingent of US combat troops arrived at Cam Ranh Bay on 28 July (Para. 6). Viet Cong - initiated incidents for 27 July total 96, with the main activity being harassment of installations (Para. 7).

II. Political Developments in South Vietnam:

In a domestic broadcast today, Premier Ky welcomed the introduction of additional US troops, claiming that South Vietnam could not by itself fight the entire Communist bloc (Paras. 1 and 2). South Vietnamese officials have agreed in principle to establish an exchange market at the official rate plus a "bonus" for US military personnel, and possibly civilians, but they are unwilling at this time to establish a limited free market or to agree to the introduction of US military scrip. (Para. 3).

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III. Military Developments in North Vietnam:
Air strikes against the DRV on 29 July concentrated
in part on army barracks areas. A number of build-
ings were reportedly destroyed or damaged in the
Quang Suoi and Dien Bien Phu barracks areas (Paras.
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V. Communist Political Developments: There
has as yet been neither official Chinese nor North
Vietnamese response to President Johnson's 28 July
speech and press conference (Para. 1).

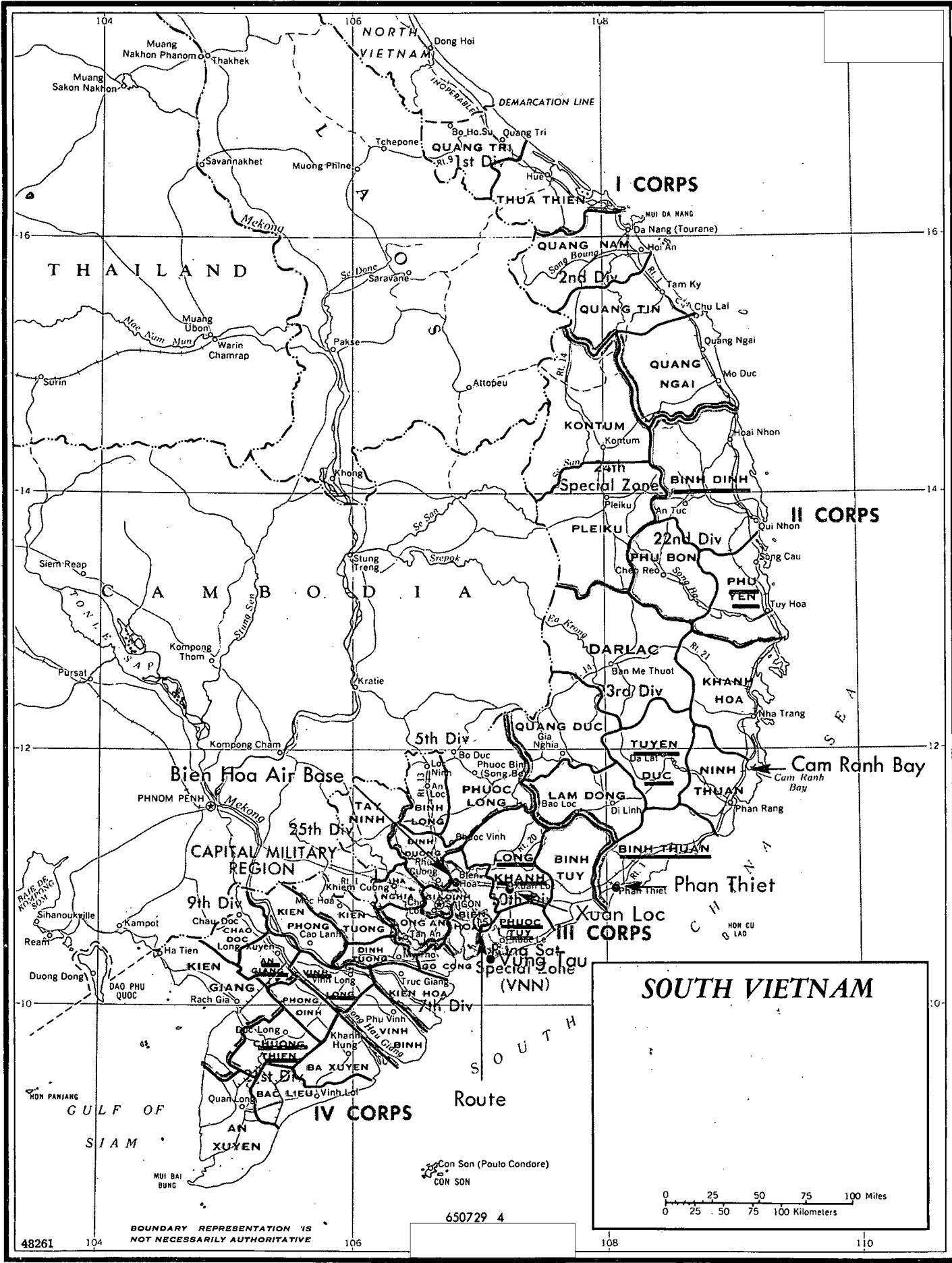
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I. MILITARY SITUATION IN SOUTH VIETNAM

1. On 28 July, 28 B-52 bombers from Kadena Air Base on Okinawa struck a suspect Viet Cong transshipment point in Phuoc Tuy Province, approximately 28 miles southeast of Saigon. [REDACTED]

[REDACTED] a shipment of materiel may have recently arrived in the area and that two Viet Cong battalions were located there. Five hundred tons of conventional bombs were dropped on the target. No assessment of bomb damage is available yet.

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2. The B-52 strike, in addition to being targeted against a suspect Communist support center, was to provide heavy advance support to a four-day search-and-destroy operation initiated in the area. The ground force consists of two battalions of the 173rd Airborne Brigade and one reinforced battalion of the 2nd Brigade, 1st Infantry Division, in a supporting position along Route 15. The two airborne battalions were landed east of the target zone before the strike, and afterward moved northwest into the bombed zone on a north to south sweep through the lower three-quarters of the zone. Smaller patrols will probe the northernmost one-quarter of the zone. The main force will continue to sweep through a valley in a generally southward direction until it links up with the 1st Division elements in place near Route 15. At the conclusion of the operation, US units will reassemble at Vung Tau and return to Bien Hoa Air Base area. At the latest report no contact had been made with the Viet Cong.

3. Combat air operations for 27 July conducted by US and VNAF aircraft were slightly above normal. According to pilot reports, an estimated 292 Viet Cong were killed, 213 structures destroyed, 99 others damaged, three sampans sunk, two bridges destroyed and another damaged. Strikes against Viet Cong concentrations in Tuyen Duc, Phu Yen and Binh Dinh were particularly successful; an estimated 175 Viet Cong were killed; 97 structures were reported destroyed, and 19 others damaged with good secondary explosions observed.

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4. In Binh Thuan Province, helicopters mistakenly fired on a bus near the province capital of Phan Thiet and inflicted casualties on civilians. The mishap occurred because the Viet Cong had stopped the bus, forced passengers to get off, and then fired on overflying helicopters who returned the fire. Later in Phan Thiet, a group of Vietnamese protested the killing of innocent civilians; however, the province chief acted to placate the demonstrators.

5. On 28 July, according to a MACV message, a Vietnamese search-and-destroy force in Chuong Thien Province was reported heavily engaged with the Viet Cong. According to preliminary reports, this action--supported by US and Vietnamese aircraft --so far has cost the Viet Cong 192 killed, while friendly forces have suffered 15 killed and 30 wounded. According to a late press item, the figure of 192 Viet Cong killed has so far been verified only on the basis of a body count by government troops.

6. The 1st Brigade of the 101st Airborne Division arrived in South Vietnam on 28 July at Cam Ranh Bay. The brigade strength is 3,953 and consists of three infantry battalions, one mechanized element, and one field artillery battery.

7. On 27 July MACV reported there were 96 Viet Cong - initiated incidents, of which ten occurred during the 24-hour reporting period. The main Viet Cong effort continued to consist of harassment of posts, installations, and New Life Hamlets. In Long Khanh Province, the district town of Xuan Loc was hit by 60-mm. and 81-mm. mortar fire; however, friendly losses were light. In An Giang Province, an outpost was fired on and charges detonated against two watch towers; one hamlet chief and five combat youth were killed. Communist losses were two killed.

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8. An ARVN search-and-destroy operation was terminated on 27 July in Vinh Long Province with good results. Twenty-nine Communists were killed, 5 captured, and 13 suspects detained. ARVN casualties were 7 killed and 13 wounded.

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II. POLITICAL DEVELOPMENTS IN SOUTH VIETNAM

1. Premier Ky, in a recorded domestic broadcast today, told the Vietnamese people that the government was opening the door to "more fellow-combatants from our allies" because South Vietnam was now coping not only with Northern troops but also with the entire Communist bloc. He cited the infiltration of Communist division-size units from the North, the "direct control of Communist China over the political lines of the North," the establishment of Soviet launching missile sites around Hanoi, and the infiltration of weapons manufactured in various bloc countries. Ky explained that South Vietnam would be overpowered if it tried to rely entirely on its own resources. He also cited the US record in the past as proof that the Americans had no aspirations to remain in South Vietnam.

2. Ky's speech also reverted to the government's "march North" theme, asserting that with the assistance of US and allied forces, the Communists would eventually be driven from all of Vietnam and the country reunified. He charged that the Communists betrayed Vietnam by signing the Geneva agreements "with the colonialists" to divide Vietnam, were the first to violate the agreements and were responsible for enlarging the war.

3. Ambassadors Taylor and Johnson met yesterday with Premier Ky and the South Vietnamese minister of economy to discuss the growing problem of the black market in currency. The South Vietnamese officials proposed that the US adhere to the present official rate of exchange of 73.5 piasters to the dollar for both official and unofficial transactions. They claimed that any appearance of devaluation would have an unsettling effect, but admitted that the official rate was unenforceable and that retaining it would not solve the problem. They agreed in principle

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to establish a new market permitting US military personnel to exchange money at the official rate, plus a "bonus" to bring the rate in line with the black market, and to consider opening the market to US civilians. The Vietnamese, however, indicated that they were not prepared at this time to have the US introduce military scrip for US troops.

4. In its weekly report on developments in South Vietnam, the US Mission in Saigon states that a review of the country-wide mobile action cadre (Vietnamese pacification teams) program shows it is making little or no progress. The program is said to be disorganized and, in the majority of provinces, largely ineffective. The reasons for this situation include a lack of effective high-level leadership, lack of a clearly spelled out mission, and adverse security conditions.

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1. US Navy aircraft again attacked several targets in central North Vietnam on 29 July. Aircraft from the Independence struck the Quang Suoi barracks and the Thanh Hoa thermal power plant. Pilots report two buildings destroyed and five damaged at Quang Suoi. Two secondary explosions and several fires were also noted. Results of the Thanh Hoa strike could not be evaluated due to darkness. USS Midway aircraft again struck the Nam Dinh power plant causing moderate damage.

2. Armed reconnaissance missions on 29 July sighted few targets of opportunity but did attack the Quang Khe port facilities and several boats. Pilots report a number of fires in the area.

3. US Air Force aircraft destroyed the bridge at Ban Pa Huone. US Air Force F-105 fighter/bombers again attacked the Dien Bien Phu barracks complex; pilots estimate that 10 buildings were destroyed and 18 others damaged. Air Force F-105s also attacked the Van Yen military complex. Pilots estimate that six buildings were destroyed and the target was reportedly left in flames. In southern North Vietnam, the north slip of the Huu Hung ferry was destroyed while the southern slip was partially destroyed.

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have been under frequent attack by US aircraft recently, and the move may involve only a local shift inside the DRV.

5. [REDACTED]

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[REDACTED] The greater DRV reliance on Communist shipping noted since April continued during June. In spite of the continued reluctance of free world shipowners to participate in trade to North Vietnam, Hanoi was successful in inducing a number of these owners to continue their calls by paying substantial "war risk" bonuses. This program in part restored coal exports to Japan to their normal levels.

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V. COMMUNIST POLITICAL DEVELOPMENTS

1. Peiping has not yet commented directly on President Johnson's 28 July speech. However, an NCNA broadcast on 28 July quoted French press reaction describing the alleged "embarrassment, uneasiness, bitterness, and anger" of the President. There has been no response as yet from North Vietnam.

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[redacted] Soviet officials in various countries-- some of whom are known KGB officers--have also taken much the same tack in conversations with Western observers. For the most part, they have underscored the USSR's intention to avoid any direct involvement with the US in the Vietnam crisis that might drastically alter the existing situation. They have implied that the bombing of the SAM sites will not precipitate a greater Soviet involvement.

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4. Peiping is apparently seeking to link developments in Laos with the situation in Vietnam as part of a Chinese campaign to deter the US from new moves to enlarge the war. In a note to Prince Souphanouvong on 28 July, Chen Yi charged that the US plans to open a front in Laos in coordination with the war in Vietnam. In wording apparently designed to resemble previous Chinese statements concerning Vietnam, Chen declared that the "only correct way" to settle the Laotian question was for the US to end its "violation" of the Geneva agreements, withdraw US armed forces from Laos, and let the Laotian people settle their own affairs. He warned that the Chinese Government and people will "do their utmost" for the "just demands" of the Laotian people.

5. In an apparently related development that may foreshadow increased Chinese diplomatic activity in Vientiane, the Chinese ambassador returned unannounced and unexpected to the Laotian capital on 27 July after an absence of more than a year. The DRV ambassador, who has also been absent from Vientiane for more than a year, is also expected to return shortly. The return of the Chinese ambassador and the publication of Chen Yi's note suggest that Peiping may have embarked on a propaganda effort directed against present US activities in Laos or their possible expansion.

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